



MONTANA
STATE UNIVERSITY

University
Business Services

PROCUREMENT SERVICES

montana.edu/wwwbu

Good Morning All,

I am writing to ask for your help in gathering all the information necessary for UBS Accounting to accurately account for leases. We have found at times that we do not have all the required pieces of information on copier leases/purchases to correctly record them in Banner and comply with financial and tax reporting requirements regarding outstanding encumbrance amounts, vendor payments, and leased asset values. When you lease a copier (or any other piece of equipment), even if it is purchased through a state term contract, there are some things we need to see before you sign the agreement.

To ensure that all required data is collected, please provide Procurement Services with the following information BEFORE entering into a contract with the vendor:

- 1. Signed Vendor Quote and/or Lease Agreement with all of the following information:**
 - a. Term/length of lease
 - b. Monthly lease payment amount
 - c. Quote for the Cash Purchase Price of copier (to show asset value alone, excluding any interest)
 - d. Who has the title/owns the copier at the end of the lease? Is there a buyout option and if so, at what dollar amount/value?
 - e. Interest Rate the vendor is using to compute the monthly lease payment (sometimes they will not give you this rate—if not, be sure all other items above are available!)
- 2. DRAFT (not yet issued) Departmental Purchase Order that includes:**
 - a. Total on DPO (matches total on Lease Agreement)
 - b. Terms of lease, start and end date
- 3. The Index you will be paying the lease from**
 - a. If not using general operating funds, an InterCap Loan may be possible for an outright purchase. This financing option would result in ownership of the copier, and likely a lower interest expense.
 - b. If you would like to learn about InterCap loan options, please notify Procurement Services —we will get you in touch with the person on UBS who handles borrowings.

Procurement Services will

- Review the DPO and Contact the vendor for any missing information
- Provide a copy to the University Business Services
- Approve the DPO allowing you to sign DPO and provide vendor with a copy to complete the lease/purchase

University Business Services will

- Provide InterCap Loan financing options to you, if desired
- Generate a lease payback amortization schedule showing principal and interest amounts for the monthly payments
- Provide you with the amortization schedule so that you can correctly code the principal and interest breakdown on your BPAs

Your department will be responsible for:

- Providing vendor with signed DPO after Procurement Services has approved purchase
- Using Amortization schedule to correctly code principal and interest breakdown on your BPAs and/or in p-card system

If you have questions, please contact Cheri Toeniskoetter at 994-3211 or cheri.toeniskoetter@montana.edu. Thank you for your help in gathering all the data required for accurate financial reporting.

Regards,

Brian O'Connor

Director, Procurement Services